

OPEN MEETING AGENDA ITEM



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BEFORE THE ARIZONA CORPORATION COMMISSION

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IN THE MATTER OF THE APPLICATION  
OF UNS ELECTRIC, INC. FOR  
APPROVAL OF ITS 2011-2012 ENERGY  
EFFICIENCY IMPLEMENTATION PLAN

DOCKET NO. E-04204A-11-0056

**SWEEP COMMENTS ON THE UNS  
ELECTRIC INC. 2011-2012 ENERGY  
EFFICIENCY IMPLEMENTATION  
PLAN AND RECOMMENDED ORDER**

**COMMENTS OF THE SOUTHWEST ENERGY EFFICIENCY PROJECT**

1 The Southwest Energy Efficiency Project ("SWEEP") appreciates the opportunity to submit  
2 comments in response to the Recommended Order filed by Staff on January 3, 2012, regarding  
3 UNS Electric, Inc.'s ("UNSE" or "Company") Application for Approval of its 2011-2012  
4 Energy Efficiency Implementation Plan ("Plan").

5  
6 SWEEP thanks Staff for its efforts to prepare the Recommended Order and appreciates several of  
7 Staff's recommendations that will ensure programs are cost-effective. SWEEP would also like to  
8 thank UNSE for its efforts to file a Plan in January 2011 and a revised Plan in September 2011.

9  
10 SWEEP understands that the Company does not anticipate meeting the Electric Energy  
11 Efficiency Standard for 2011 and 2012. We also recognize that its ability to meet the Standard in  
12 2011 was challenged by the timing of this Plan's review, consideration, and approval, which also  
13 affects the ramp-up of programs for 2012. For these reasons, we can support Staff's two-part  
14 recommendation that UNSE be granted a waiver for 2011 and 2012<sup>1</sup> but that the cumulative  
15 standard to achieve 22% savings by 2020 not be waived. We agree with Staff that the Company  
16 can and should meet the Standard's requirements by 2020 and should do so by enhancing  
17 savings opportunities for customers and focusing on customer delivery of approved measures  
18 and programs. We also maintain that energy efficiency should be fully pursued, as it is the least  
19 cost energy resource, and one that delivers significant and cost-effective benefits for all UNSE  
20 customers, the electric system, the economy, and the environment.

21  
22 In addition to SWEEP's comments on the Plan and recommended amendments below, SWEEP  
23 seeks clarification from the Commission for which period UNSE's Implementation Plan will

<sup>1</sup> Though SWEEP does not see the need for a waiver for 2011 since the year is over, and the nature of a cumulative standard is that an affected utility has the opportunity to catch up to the cumulative standard in subsequent years if it happens to not meet the standard in a past year. Since there is no penalty for not meeting the EE Standard, SWEEP does not see the logic or value of a waiver being approved retrospectively, after a year is over.

1 apply (since the Plan was proposed as a 2011-2012 plan, and 2011 has now passed). In SWEEP's  
2 view, the 2012 details in the Plan and the programs originally proposed for approval in 2011  
3 should apply to 2012 and possibly to 2013. SWEEP also recommends that UNSE file a  
4 supplement to this Plan in the event that the approved programs and initiatives do not meet the  
5 requirements set forth in the Energy Efficiency Standard for 2013. For example, while the  
6 Commission-approved programs should continue through 2013, UNSE may need to file a  
7 supplement if the planned savings or budgets would need to be revised in order to meet the  
8 requirements of the Energy Efficiency Standard in 2013. (SWEEP notes that under the  
9 requirements of the Standard, the Company must file an EE implementation plan on or before  
10 June 1, 2013, in any event.)

11  
12 Finally, SWEEP recommends that the Demand-Side Management Surcharge (DSMS) be  
13 appropriately adjusted for whichever time period the Commission decides the Plan should apply.  
14  
15

16 **I. SWEEP Supports Commission Approval of the Energy Efficiency Opportunities Found**  
17 **to be Cost-Effective by Staff and Believes These Opportunities:**  
18

19 **A. Are Cost-Effective; in the Public Interest; and will Deliver Significant Benefits**  
20

21 **B. Represent Enhancements that Will Serve More Customers; Provide Additional**  
22 **Opportunities for Customers to Save on Their Bills; Have Demonstrated Success in**  
23 **Other Territories; and Respond to Ratepayer Interests.**  
24

25 The proposed portfolio is cost-effective; will deliver cumulative annual energy savings  
26 greater than 40 GWh; and, according to the Company's initial filing, will deliver more than  
27 \$15 million in net benefits in 2011 and 2012.  
28

29 Please see SWEEP's comments on Tucson Electric Power Company's (TEP) 2011-2012  
30 Energy Efficiency Implementation Plan for specific program highlights (as the programs  
31 proposed for UNSE's Plan mirror those proposed in TEP's Plan ).  
32

33 **II. SWEEP Comments on the Recommended Order**  
34

35 SWEEP provides comments on several issues and recommends four proposed amendments.  
36

37 **A. SWEEP Supports a Performance Incentive as an Important Tool for the Delivery of**  
38 **Effective EE; Opposes the Company's Proposed Performance Incentive; Opposes**  
39 **Staff's Recommended Performance Incentive; and Proposes a Path Forward for the**  
40 **Development of a New Performance Incentive that Would Encourage Better**  
41 **Delivery of Cost-Effective EE.**  
42

43 EE performance incentives have been shown to be an important tool to encourage and  
44 steer effective delivery of cost-effective energy efficiency (EE), and SWEEP supports  
45 appropriately designed performance incentives. In SWEEP's view an appropriately  
46 designed performance incentive:

- 1  
2 1. Encourages the Company to pursue cost-effective EE and achieve other goals set  
3 by the Commission;  
4
- 5 2. Is designed in such a way to avoid any perverse incentives;  
6
- 7 3. Is based on clearly-defined goals and activities that are sufficiently monitored,  
8 quantified, and verified;  
9
- 10 4. Is available only for activities for which the Company plays a distinct and clear  
11 role in bringing about the desired outcome; and  
12
- 13 5. Is kept as low as possible while balancing and meeting the objectives and  
14 principles mentioned above.  
15

16 SWEEP emphasizes that performance incentives are *performance-based*, meaning that  
17 the Company must perform and achieve the objectives in order to earn the incentive.  
18

19 SWEEP does not support UNSE's proposed performance incentive in its Implementation  
20 Plan because it does not adequately meet the criteria above and it directs too great a level  
21 of ratepayer monies to the Company.  
22

23 SWEEP does not believe that Staff's proposed performance incentive, mirrored after  
24 TEP's current performance incentive design [a shared-savings performance incentive  
25 equal to 10% of the measured net benefits from eligible DSM programs (excluding Low  
26 Income Weatherization), capped at either 10% of net benefits or 10% of expenditures,  
27 whichever is less] meets these criteria either.  
28

29 SWEEP views performance incentives as an important policy instrument that the  
30 Commission should exercise to influence and direct energy efficiency outcomes. To that  
31 end, we believe it is critical for the Commission to be able to oversee performance  
32 incentive design during the energy efficiency implementation plan process, when new  
33 energy efficiency programs and initiatives are proposed, reviewed, and approved, and  
34 when energy efficiency policy is determined and implemented. In fact, SWEEP believes  
35 this was the Commission's intent when it adopted the following language in the Electric  
36 EE Standard Rule:  
37

38 "In the implementation plans required by R14-2-2405, an affected utility may  
39 propose for Commission review a performance incentive to assist in achieving the  
40 energy efficiency standard set forth in R14-2-2404. The Commission may also  
41 consider performance incentives in a general rate case." (R14-2-2411.)  
42

43 SWEEP proposes that UNSE work with stakeholders and Staff to develop and file for  
44 Commission consideration within 60 days of this order a new performance incentive that  
45 optimizes the connection between energy efficiency, rates, and utility business incentives

1 and that creates a clear connection between the level of the performance incentive and  
2 achievement of cost-effective energy savings.

3  
4 SWEEP recommends that the new performance incentive should:

- 5 (a) Encourage the achievement of energy savings and net benefits for customers  
6 through a base performance incentive with an eligible incentive level equivalent  
7 to 7% of net benefits on a pre-tax basis;
- 8 (b) Include new components and metrics, in addition to the base performance  
9 incentive, that emphasize increased comprehensiveness of EE program services  
10 provided to customers and result in higher percent savings, encourage cost-  
11 efficiency in the use of ratepayer funds (i.e., total net benefits to customers per  
12 dollar of ratepayer funding provided), and target the achievement of specific  
13 performance goals such as serving a targeted number of low income customers  
14 and/or issuing a specific targeted number of residential loans or a targeted total  
15 loan amount;
- 16 (c) Fund the additional performance incentive components and metrics in (b) above  
17 with \$150,000 of performance incentive funds (pre-tax) annually, or \$300,000  
18 total for a two-year period, in addition to the eligible incentive level for the base  
19 performance incentive in (a) above; and
- 20 (d) Have an absolute dollar cap on the total incentive amount that the Company may  
21 earn, set at 115% of the eligible incentive level (determined at 100% of target  
22 performance), thereby not incenting increased program spending through the  
23 design of the performance incentive mechanism or its incentive cap.

24  
25 SWEEP also recommends that the new performance incentive, including the \$150,000 of  
26 additional performance incentive funding annually, should remain in effect until further  
27 Commission action during the Company's next EE Implementation Plan process.

28  
29 **SWEEP has proposed an amendment as Attachment A in support of this concept.**

30  
31 **B. SWEEP Supports Allowing Energy Savings from Energy Efficiency Appliance**  
32 **Standards to Count Towards Achievement of the Energy Efficiency Standard.**

33  
34 SWEEP believes that the Commission should have all available tools at its disposal for  
35 the delivery of cost-efficient energy savings – especially tools that can deliver customer  
36 savings at low costs to ratepayers and that have the potential to reduce long-term EE  
37 program costs. By assuring a minimum level of EE performance for household and  
38 business products, appliance standards represent one such cost-effective tool that  
39 provides ratepayers, especially renters, tenants, and new homeowners, with the ability to  
40 save money and energy. Appliance standards are generally developed through a  
41 consensus process involving industry, manufacturers, and the business community. Once  
42 implemented, appliance standards can reduce the cost of utility EE programs, such as  
43 consumer products programs, by diminishing the need for or reducing the level of  
44 ratepayer-funded rebates over time.

45  
46 As such, SWEEP believes that the Company should be allowed to count up to one-third

1 of the energy savings resulting from energy efficiency appliance standards, if the energy  
2 savings are quantified and reported through a measurement and evaluation study  
3 undertaken by the Company, and the Company demonstrates and documents its efforts in  
4 support of the adoption or implementation of the energy efficiency appliance standards.  
5 This approach and the language in the attached proposed amendment are consistent with  
6 the language in the Gas Energy Efficiency Rule, which explicitly allows savings from  
7 appliance standards to count towards achievement of the Gas EE Standard.<sup>2</sup>  
8

9 SWEEP believes that one-third credit (versus one-hundred percent credit) toward these  
10 activities is warranted because this level of credit recognizes the fact that the appliance  
11 standard development and adoption process is complex and multi-faceted, involving  
12 many stakeholder efforts and multiple influences in addition to utility support and  
13 interaction, for example, during the development and consensus-building processes. Also,  
14 allowing one-third credit leverages the value for customers, resulting in customers  
15 receiving 100% of the benefits of the energy savings from the appliance standards in the  
16 marketplace, while providing utilities partial credit towards achievement of the EE  
17 Standard (which is reasonably consistent with the partial influence that the utilities have  
18 in the multi-party processes to develop and implement the standards).  
19

20 **SWEEP has proposed an amendment as Attachment B in support of this concept.**  
21

22 The proposed amendment includes proposed language for a waiver from the EE Standard  
23 Rule to allow the Company to count savings from appliance standards in 2012 and in  
24 future years. This is important in terms of sending the signal that the Company should  
25 be supporting appliance standards to help reduce customers' utility bills, and ensuring  
26 reasonable certainty regarding future credit for such efforts, as appliance standards have  
27 long lead times and often are developed several years in advance.  
28

29 **C. SWEEP Supports Budget Flexibility for Programs, Within an Overall Limit on**  
30 **Total DSM Spending.**  
31

32 SWEEP supports budget flexibility for the reasons below and recommends that the  
33 Commission permit *program* budget flexibility by allowing the Company to exceed any  
34 DSM program budget by up to 15 percent without prior Commission authorization.<sup>3</sup> If  
35 the Commission is concerned about the Company over-spending the total DSM budget,  
36 SWEEP believes the Commission could implement a limit on *total* DSM expenditures,

---

<sup>2</sup> The Electric EE Rule in R14-2-2404(E) reads, "An affected utility may count toward meeting the standard up to one third of the energy savings, resulting from energy efficiency building codes, that are quantified and reported through a measurement and evaluation study undertaken by the affected utility." The Gas EE Rule in R14-2-2504(E) reads, "An affected utility may count toward meeting the energy efficiency standard up to one-third of the energy savings resulting from energy efficiency building codes and up to one-third of the energy savings resulting from the energy efficiency appliance standards, if the energy savings are quantified and reported through a measurement and evaluation study undertaken by the affected utility, and the affected utility demonstrates and documents its efforts in support of the adoption or implementation of the energy efficiency building codes and appliance standards."

<sup>3</sup> In order to support consistency across the utility service territories, SWEEP has filed the same recommendation regarding 15% *program* budget flexibility in its comments on the Arizona Public Service Company 2012 EE Implementation Plan and its comments on TEP's 2011-2012 EE Implementation Plan.

1 for example, by directing that total expenditures may not exceed the total DSM budget by  
2 more than 5%, as proposed by Staff in the ROO (ROO, p. 57, lines 1-3).

3  
4 Energy efficiency is a reliable energy resource that can be directed and targeted as needs  
5 arise with particular market segments or geographic areas. Energy efficiency budget  
6 flexibility supports this ability of energy efficiency to be targeted and responsive. For  
7 example, during an economic downturn, when fewer new homes are being built, money  
8 reserved for a residential new construction program can be reallocated to an existing  
9 homes program in response to market conditions.

10  
11 Budget flexibility also ensures that programs can continue to operate if they are popular  
12 (rather than stopped and started and then stopped again as customer participation varies  
13 over time). And reasonable budget flexibility recognizes that customers are the ones  
14 making the decisions about whether, and if so, how and when they will participate.  
15 Therefore the Company does not have 100% control over the timing of the spending  
16 because customers are the ones making the final decisions, and this can be a particularly  
17 challenging issue near the end of a budget year. Programs that are very popular with  
18 customers may experience higher-than-planned expenditures, and the programs, which  
19 are offering cost-effective measures to customers, should continue to serve those  
20 customers under a reasonable level of budget flexibility.

21  
22 In terms of *total* DSM expenditures, some level of flexibility is useful because the  
23 Company cannot predict in advance with 100% certainty exactly what customers are  
24 going to do exactly when any more towards the end of the budget period than the  
25 Company can predict at other times. Therefore, there should be some flexibility on total  
26 DSM expenditures as well, though the percentage for *total* budget flexibility could be  
27 lower (5% rather than 15%).

28  
29 **SWEEP has proposed an amendment as Attachment C in support of the concept of**  
30 ***program* budget flexibility.**

31  
32 The proposed amendment would permit *program* budget flexibility by allowing the  
33 Company to exceed any DSM program budget by up to 15 percent without prior  
34 Commission authorization, to support the beneficial flexibility at the program level in  
35 order to serve customers and respond effectively to customer interest. As noted above,  
36 the ROO already has proposed a limit on *total* DSM expenditures, proposing that the  
37 spending across all programs and activities in the DSM portfolio may not exceed the total  
38 DSM budget by more than 5% (ROO, p. 57, lines 1-3).

39  
40 **D. SWEEP Maintains that the Process for Analyzing and Reporting the Cost-**  
41 **Effectiveness of EE Opportunities Should be Modified to Ensure an Accurate and**  
42 **Full Understanding of the Costs and Benefits Associated with EE Programs and**  
43 **Investments in a Timely Manner. SWEEP Supports Engagement of an Independent,**  
44 **Third-Party Consultant to Advance These Objectives.**

45  
46 SWEEP strongly supports Staff and the Companies (UNSE, TEP, Arizona Public Service

1 Company, etc.) using one model and consistent input values for the cost effectiveness  
2 analysis of proposed and existing EE programs and opportunities. SWEEP also supports  
3 making the cost-effectiveness model and the input values available to the public.  
4

5 Such synchronization and disclosure would be beneficial because it would:  
6

- 7     ▪ Boost transparency for both the EE plan development and review process and for  
8       the integrated resource planning process.
- 9
- 10    ▪ Streamline the EE plan development and review process, providing customers  
11      with opportunities to save money on their bills sooner and freeing up time for  
12      Staff to focus on more strategic analysis of the EE plans.
- 13
- 14    ▪ Allow other parties and market actors to propose and review enhancements or  
15      improvements to the EE plans more easily.
- 16
- 17    ▪ Provide a consistent platform (one model) across the state for the evaluation and  
18      review of EE programs and opportunities. Given that the EE Standard is a  
19      statewide standard, it follows that a statewide model for EE analysis should be  
20      used – as is the practice in other states.
- 21
- 22    ▪ Provide a platform and knowledge infrastructure that co-ops and smaller utilities  
23      could use, thereby reducing the administrative costs of these entities in the design  
24      of their energy efficiency programs.
- 25

26 SWEEP notes that the Companies and Staff often conclude that the same EE  
27 opportunities have different benefit-cost ratios. (In the vast majority of these cases the  
28 measures are shown to be cost-effective in both analyses even though the numbers are  
29 different). The Companies' values are sometimes greater than Staff's and vice versa. The  
30 fact that the Companies and Staff have found measures to be different in terms of cost-  
31 effectiveness has concerned SWEEP. Indeed, we feel that it is absolutely imperative to  
32 have an accurate and full understanding of the costs and benefits associated with any EE  
33 investment in order to ensure that ratepayer dollars are allocated as prudently and  
34 efficiently as possible, *especially* in light of Arizona's increasing investment in EE over  
35 the next decade and how this investment impacts resource planning.  
36

37 Staff has recommended that in all future EE plans, the Company use the same input  
38 values and methodology as Staff (ROO, p. 58, lines 2-4). SWEEP's concern about Staff's  
39 recommendation is that it does not adequately resolve some of our concerns such as why  
40 the Companies' values are sometimes greater than Staff's and vice versa, or how energy  
41 efficiency should be treated during the integrated resource planning process. Further, the  
42 model that Staff has been using is fairly old and a new model should improve the  
43 usability of the model (thereby saving time) and increase the transparency of the analysis.  
44

45 In order to develop one model and consistent input values that would ensure accurate and  
46 timely cost-effectiveness analysis and that address the concerns outlined above, SWEEP

1 recommends that Staff retain an independent third-party consultant to assist a Staff-led  
2 working group, including the Companies and interested stakeholders, in:

- 3  
4 a. Exploring effective options for cost-effectiveness analysis models  
5  
6 b. Selecting and securing one model to be used by the Companies and Staff for cost-  
7 effectiveness analysis  
8  
9 c. Resolving any differences in key input values used in the analysis, and  
10  
11 d. Documenting the key input values in a Technical Reference Manual to be updated  
12 by the Companies and filed with each EE Plan.  
13

14 SWEEP believes that such a process would provide an invaluable opportunity for  
15 Commissioners and the public to gain a deeper and more thorough understanding of how  
16 EE investments are analyzed, evaluated and measured.  
17

18 Many other states that have been increasing their EE programs and investments use one  
19 model or screening tool for the cost-effectiveness analysis, and support the analysis by  
20 maintaining a reasonably up-to-date Technical Reference Manual that documents the key  
21 input values – to serve the objectives of reliable numbers and internal consistency.  
22

23 Notably, SWEEP has learned that technical assistance support and monies are available  
24 through the National Association of Regulatory Utility Commissioners (NARUC)  
25 SERCAT program or the U.S. Department of Energy's SEEACTION Technical Assistance  
26 Program to support this exact kind of work.  
27

28 **SWEEP has proposed an amendment as Attachment D in support of this concept.**  
29

30 **E. SWEEP Suggests that a Compliance Filing by UNSE may be Useful in this Case,**  
31 **Considering the Number of Issues Being Considered by the Commission.**  
32

33 SWEEP suggests that since there are many issues the Commission is considering in its  
34 review of this Implementation Plan, it may be useful to require UNSE to prepare and file  
35 a compliance filing. Also, SWEEP recommended above (p. 1) that UNSE should file a  
36 supplement to this Plan in the event that the approved programs and initiatives do not  
37 meet the requirements set forth in the Energy Efficiency Standard for 2013.  
38  
39

40 Thank you for the opportunity to submit these comments.  
41

42 Respectfully submitted this 9<sup>th</sup> day of January 2012 by:  
43  
44

45 \_\_\_\_\_  
46 Jeff Schlegel & Ellen Zuckerman  
Southwest Energy Efficiency Project



1  
2  
3 ORIGINAL and thirteen (13) copies filed this 9<sup>th</sup> day of January 2012 with:

4  
5 Docket Control  
6 ARIZONA CORPORATION COMMISSION  
7 1200 West Washington Street  
8 Phoenix, Arizona 85007

9 COPIES of the foregoing sent via email and/or mail on or before this 9<sup>th</sup> day of January 2012, to:

10  
11 All Parties of Record  
12  
13

**SWEEP COMMENTS – ATTACHMENT A**  
UNS Electric, Inc.  
2011-2012 Energy Efficiency Implementation Plan  
Docket No. E-04204A-11-0056

**Proposed Amendment #1**

**Performance Incentive, Additional Incentive Components and Metrics, and Incentive Cap**

**Page 57, Line 4**

INSERT new subheading and three new ordering paragraphs:

“Performance Incentive”

“IT IS FURTHER ORDERED that to ensure a performance incentive that optimizes the connection between energy efficiency, rates, and utility business incentives and that creates a clear connection between the level of the performance incentive and achievement of cost-effective energy savings, the Company shall work with Staff and other stakeholders to develop and file for Commission consideration a new performance incentive within 60 days of this order.”

“IT IS FURTHER ORDERED that the new performance incentive shall: (a) encourage the achievement of energy savings and net benefits for customers through a base performance incentive with an eligible incentive level equivalent to 7% of net benefits on a pre-tax basis; (b) include new components and metrics, in addition to the base performance incentive, that emphasize increased comprehensiveness of EE program services provided to customers and result in higher percent savings, encourage cost-efficiency in the use of ratepayer funds (i.e., total net benefits to customers per dollar of ratepayer funding provided), and target the achievement of specific performance goals such as serving a targeted number of low income customers and/or issuing a specific targeted number of residential loans or a targeted total loan amount; (c) fund the additional performance incentive components and metrics in (b) above with \$150,000 of performance incentive funds (pre-tax) annually, or \$300,000 total for a two-year period, in addition to the eligible incentive level for the base performance incentive in (a) above; and (d) have an absolute dollar cap on the total incentive amount that the Company may earn, set at 115% of the eligible incentive level (determined at 100% of target performance), thereby not incenting increased program spending through the design of the performance incentive mechanism or its incentive cap.”

IT IS FURTHER ORDERED that the new performance incentive, including the \$150,000 of additional performance incentive funding annually, shall remain into effect until further Commission action during the Company’s next EE Implementation Plan process.

**Page 57, Line 6-7**

After “Incentive,” DELETE

1 "as calculated in the manner set in the last rate case."

2

3 And INSERT

4

5 "in the manner set in the ordering paragraphs above."

6

7 **MAKE CONFORMING CHANGES**

8

1 **SWEEP COMMENTS – ATTACHMENT B**

2 UNS Electric, Inc.

3 2011-2012 Energy Efficiency Implementation Plan

4 Docket No. E-04204A-11-0056

5 **Proposed Amendment #2**

6 **Energy Codes Enhancement Program – Including Appliance Standards**

7  
8  
9 **Page 56, Line 14**

10 After “stated herein” INSERT:

11  
12  
13 “, and the program shall be renamed the Energy Codes & Standards Enhancement Program.”

14  
15 **Page 56, Line 15**

16 INSERT new ordering paragraph:

17  
18  
19 “IT IS FURTHER ORDERED that UNS Electric, Inc. be granted a waiver from R14-2-2404(E)  
20 to allow the Company to count toward meeting the Commission’s Energy Efficiency Standard in  
21 R14-2-2404, for 2012 through 2020, up to one third of the energy savings resulting from energy  
22 efficiency appliance standards, if the energy savings are quantified and reported through a  
23 measurement and evaluation study undertaken by the Company, and the Company demonstrates  
24 and documents its efforts in support of the adoption or implementation of the energy efficiency  
25 appliance standards.”

26  
27  
28 **MAKE CONFORMING CHANGES**

1 **SWEEP COMMENTS – ATTACHMENT C**

2 UNS Electric, Inc.

3 2011-2012 Energy Efficiency Implementation Plan

4 Docket No. E-04204A-11-0056

5  
6 **Proposed Amendment #3**

7 **Budget Flexibility: Overall Limit for the Total EE Budget**

8  
9  
10 **Page 56, Line 23**

11  
12 INSERT new ordering paragraph:

13  
14 “IT IS FURTHER ORDERED that UNS Electric, Inc. be allowed to exceed any DSM program  
15 budget by up to 15 percent without prior Commission authorization.”

16  
17  
18 **MAKE CONFORMING CHANGES**

19  
20  
21  
22  
23  
24  
25 Note: The limit on total EE implementation expenditures (up to 5% higher than budget) is  
26 already in the UNS Electric Inc. ROO in the subsequent ordering paragraph on Page 57 Line 1,  
27 which reads:

28  
29 “IT IS FURTHER ORDERED that UNS Electric, Inc. shall be allowed to increase the overall  
30 Implementation Plan budget by up to 5 percent, if the increases are allocated to cost-effective  
31 measures and programs.”  
32

**SWEEP COMMENTS – ATTACHMENT D**

UNS Electric, Inc.

2011-2012 Energy Efficiency Implementation Plan

Docket No. E-04204A-11-0056

**Proposed Amendment #4**

**Staff Review Process, Cost-Effectiveness Model, and Technical Reference Manual**

**Page 58, Line 3**

After “Inc.” DELETE:

“use the same input values and methodology as Staff”

And INSERT:

“and Staff shall use consistent input values wherever feasible and the same methodology and model”

**Page 58, Line 4**

After “benefit-cost ratios” INSERT:

“, while understanding that the Company is responsible for developing each Implementation Plan and filing the Plan application.”

**Page 58, Line 5**

INSERT new ordering paragraph:

“IT IS FURTHER ORDERED that to ensure accurate and timely cost-effectiveness analysis through the use of one model and consistent input values, Staff shall retain an independent third-party consultant through the U.S. DOE SEEAAction Technical Assistance Program or the NARUC SERCAT program, to assist a Staff-led working group, including the Company and interested stakeholders, in (a) exploring effective options for cost-effectiveness analysis models, (b) selecting and securing one model to be used by the Company and Staff for cost-effectiveness analysis, (c) resolving any differences in key input values used in the analysis, and (d) documenting the key input values in a Technical Reference Manual to be updated by the Company and filed with each DSM Implementation Plan.”

**MAKE CONFORMING CHANGES**